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HOUSE BILL 309

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; AMENDING A SPECIAL METHOD OF VALUATION TO
INCLUDE PROPERTY USED FOR STORAGE OF ELECTRIC POWER OR ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-36-29 NMSA 1978 (being Laws 1975,
Chapter 165, Section 10, as amended) is amended to read:

"7-36-29. SPECIAL METHOD OF VALUATION--PROPERTY USED FOR
THE GENERATION, TRANSMISSION, [ØR] DISTRIBUTION OR STORAGE OF
ELECTRIC POWER OR ENERGY.--

A. All property used for the generation,
transmission, [Ør] distribution or storage of electric power or
energy subject to valuation for property taxation purposes
shall be valued in accordance with the provisions of this
section.

B. As used in this section:

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1 (1) "depreciation" means straight line
2 depreciation over the useful life of the item of property;

3 (2) "electric plant" means all property
4 situated in this state used or useful for the generation,
5 transmission, ~~[or]~~ distribution or storage of electric power or
6 energy, but does not include land, land rights, general
7 buildings and improvements, construction work in progress,
8 materials and supplies and licensed vehicles;

9 (3) "construction work in progress" means the
10 total of the balances of work orders for an electric plant in
11 process of construction on the last day of the preceding
12 calendar year exclusive of land, land rights and licensed
13 vehicles;

14 (4) "general buildings and improvements" means
15 buildings of the nature of offices, residential housing,
16 warehouses, shops and associated improvements in general use by
17 the taxpayer and not directly associated with generation,
18 transmission, ~~[or]~~ distribution or storage of electric power or
19 energy;

20 (5) "materials and supplies" means the cost,
21 including sales, use and excise taxes, and transportation costs
22 to point of delivery in this state, less purchases and trade
23 discounts, of all unapplied material and supplies on hand in
24 this state as of December 31 of the preceding calendar year;
25 [~~and~~]

.233655.1

1 (6) "storage" means energy storage technology
2 that converts, stores and returns electricity to alleviate
3 disparities between electricity supply and demand, to
4 facilitate the dispatching of electricity or to increase
5 economic return on the sale of electricity; and

6 ~~[(6)]~~ (7) "tangible property cost" means the
7 actual cost of acquisition or construction of property,
8 including additions, retirements, adjustments and transfers,
9 but without deduction of related accumulated provision for
10 depreciation, amortization or other purposes; "tangible
11 property cost" excludes the cost of property contributed to, or
12 acquired with funds contributed to, a utility by or on behalf
13 of a ratepayer or potential ratepayer for the expansion,
14 improvement or replacement of property used for the
15 transmission or distribution of electric power of the utility.

16 C. An electric plant shall be valued as follows:

17 (1) the department shall determine the
18 tangible property cost of the electric plant;

19 (2) such tangible property cost shall then be
20 reduced by the related accumulated provision for depreciation
21 and any other justifiable factors, including functional and
22 economic obsolescence, such as the limitation on the use of the
23 property based on the available reserves committed to the
24 property; and

25 (3) notwithstanding the foregoing

1 determination of value for property taxation purposes, the
2 value for property taxation purposes of an electric plant shall
3 not be less than twenty percent of the tangible property cost
4 of the electric plant.

5 D. The value of construction work in progress shall
6 be fifty percent of the amount expended and entered upon the
7 accounting records of the taxpayer as of December 31 of the
8 preceding calendar year as construction work in progress.

9 E. The value of materials and supplies shall be the
10 tangible property cost for such property as of December 31 of
11 the preceding calendar year.

12 F. Each item of property having a taxable situs in
13 the state and valued under this section shall have its net
14 taxable value allocated to the governmental units in which the
15 property is located.

16 G. The department shall adopt regulations [~~under~~
17 ~~Section 72-31-88 NMSA 1953~~] to implement the provisions of this
18 section."

19 SECTION 2. APPLICABILITY.--The provisions of this act
20 apply to property tax years beginning on or after January 1,
21 2027.